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Editorials

10/17/03 Driven off

MacDermid Inc. is a shadow of its former self in Waterbury. Although still headquartered in the Brass City, the company is selling its Huntington Avenue plant and preparing to move its executive staff to Denver.

Chairman and CEO Daniel H. Leever has stayed on message over the years and proved he wasn't blowing smoke when he repeatedly warned environmental zealotry could drive MacDermid out of town. The company's Advanced Surface Finishing Division still has 170 workers, but employment overall is down by more than 50 percent from the late 1990s, and the Huntington Avenue plant is closed.

Mr. Leever told us in 1998, "If the regulatory environment is such that we can't operate in a way that we can be profitable — it's not a zero-sum game — there are places where we can go where we can operate profitably." He expressed a desire to remain in Waterbury, where MacDermid was founded in 1922, but said that posture comes with a built-in economic disincentive of \$2 million per year.

At the time, Mr. Leever was grappling with state and federal environmental officials over a requirement that tap water used for cooling be returned to the Naugatuck River cleaner than it was when the city delivered it. The company also was engaged in a program called MacDermid's Environmental Initiative 2000, which wound up as a \$10 million investment in the Huntington Avenue plant. But the recession that began in the summer of 2000, coupled with an oppressive regulatory environment, deprived MacDermid of the luxury of maintaining its Connecticut operation at previous levels.

"Connecticut is adversarial," Mr. Leever said last fall. "Everywhere else is cooperative. At least they listen to what you have to say. It's just the attitude (of Connecticut regulators) that's objectionable."

MacDermid has been a wonderful corporate citizen in many respects, as exemplified by the new Harold Leever Regional Cancer

Center. But the company became a whipping boy for Democrats after an accidental spill in 1994 killed 12,000 fish in the Naugatuck River. Political and business leaders say the regulatory climate has improved, and it may be MacDermid expected better treatment than regulators were prepared to give after it invested in the Huntington Avenue plant and helped to fund the cancer center.

What Mr. Leever understands better than most is agencies like the Department of Environmental Protection and Environmental Protection Agency do not attract fair-minded folks who honor America's entrepreneurial spirit. They get zealots who dream of catching fat-cat polluters red-handed and slapping them with enormous fines and long stretches in prison, maybe even putting them out of business and thereby ridding the world of their poisons. And they hold grudges. Environmental zealots, inside and outside of government, grouse to this day about MacDermid getting off too easy after the 1994 fish kill.

It is this mentality that was exhibited by John A. Danaher, U.S. attorney for the Connecticut district, in an op-ed column published in this newspaper last November. He accused MacDermid of absorbing fines "as a cost of doing business" and depicted the company's environmental record as "sordid." Nowhere did he acknowledge the extreme complexity and ambiguity of the regulations MacDermid supposedly violated, the enormous difficulty of managing "thousands of gallons of potentially toxic wastewater every day," or MacDermid's multimillion-dollar effort to prevent further mishaps.

It will take years of aggressive management and careful hiring to change the culture of the environmental bureaucracy in Connecticut, Washington, D.C., and elsewhere, but it apparently will come too late to save the hundreds of jobs and benign corporate presence MacDermid has given Waterbury over the last 81 years.

Offices moving west, factory for sale

By David A. Smith
10/29/03

MacDermid says it will maintain Waterbury presence

WATERBURY — City-based MacDermid Inc. has acquired a Denver office building where it plans to move its corporate executive staff, though the company's headquarters will still technically remain in Waterbury, its chairman and chief executive officer said Wednesday.

Daniel H. Leever also confirmed the specialty chemical maker has put up for sale its former Waterbury production plant and nearby 31 acres. The move follows MacDermid's decision nearly two years ago to transfer virtually all production from the Huntington Avenue plant to a newer, more efficient

Michigan plant. "It was not one single set of facts that forced this issue," Leever said. "It never is in many situations. I can tell you we started down the road to this decision in the early

1990s as a result of abusive government interference in our business." MacDermid still employs about 170 people at its Freight Street complex in Waterbury, where the headquarters of its Advanced

Surface Finishing Division will also remain, but the company's city presence has diminished in recent years, in part because of what Leever describes as Connecticut's adversarial regulatory climate. Leever, whose family has also sold its Woodbury home, is now a full-time resident of Colorado.

"Part of the reason is to get our Please turn to 4A, MOVE

MOVE: MacDermid Inc. executives heading to Colorado

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staff together," Leever said of the Denver move. "We want to create a unified team environment for the corporate executive staff."

Roughly 10 members of MacDermid's corporate executive staff should move to Denver by next summer, Leever said. The company closed last week on a \$2 million deal to buy a 18,000-square-foot office complex in that city. The acquisition comes as MacDermid looks to sell the Huntington Avenue plant, which

was built shortly after the company's founding in 1922 by Archie MacDermid. In November 2001, faced with twice the production capacity it needed for a sluggish market and under increasing pressure to cut costs, MacDermid announced it would close the facility. The move cut about 40 jobs, though 20 remained as the company used part of the building for a warehouse operation that continued until about three months ago. In years past, however, the plant had also been the subject of environmental problems

that contributed to a sour relationship with state and federal officials. And a year ago, Leever also said part of the decision to shut down the plant came in the wake of a November 2001 settlement with state and federal environmental agencies over chemical spills. As part of the settlement, MacDermid agreed to pay \$2.5 million in fines and another \$1.5 million to local nonprofit organizations. The 186,000-square-foot building recently went on the market, said Edward F. Godin Jr.,

of Druiner Industries, the Waterbury-based real estate firm. Godin and Druiner's Paul M. Rotha are marketing the 186,000-square-foot facility and 7 acres, which are on the market for \$2.9 million. A 31-acre parcel across from the plant is on the market for \$600,000. "It is not easy to give a short answer as to why we have a for sale sign on the building where MacDermid was founded 80 years ago," Leever said. "It's one of those situations where the first decision you made forces the rest of them."

Post-it® Fax Note		7671	Date 10-29-03	# of pages 3
To	Matt MacDermid, President		From	Daniel Leever
Co/Dept.	CFA-NC		Co.	CID-Dep
Phone #			Phone #	820 424 3271
Fax #	617 918 1291		Fax #	860 424 4859

Leaders shrug off criticism by Leever

DEP, Rowland's aide challenge charges made by MacDermid's chief

By Steve Gambini
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10/10/03

WATERBURY — The surprise announcement that MacDermid, one of the city's oldest and largest employers, is moving its corporate executive staff to Denver drew little sympathy Thursday from state and federal environmental regulators.

On Wednesday, CEO Daniel Leever disclosed during an interview that the company would relocate its corporate offices to Colorado, in part because of what he called "abusive government interference" in the early 1990s by government agencies.

Contacted Thursday, regulators said they had little sympathy for Leever's argument that harsh enforcement of environmental rules set the maker of specialty chemicals on the road to greener pastures in the West.

In the Wednesday interview, Leever said "abusive government interference" in the early 1990s was the catalyst for the company diminishing its presence in Waterbury.

In 2001, MacDermid was forced to pay a \$4 million

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Friday, October 10, 2003

MOVE: Environmental laws enforced

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fine to settle a criminal prosecution brought by the federal government for polluting the Naugatuck River. "I can't speak to why the CEO said what he said," said Kevin O'Connor, an assistant U.S. attorney. "But we are not apologizing to anyone for the environmental actions we took."

He said he didn't think the environmental settlement was a credible reason for the company to leave the city. "When you look at their financials, that amount of \$4 million is not so significant," he said. In 2002, MacDermid had a profit of \$37 million on sales of \$688 million.

Leever, a third-generation owner of the company, was credited in the 1990s for quadrupling the company's work force and sales through acquisitions that greatly diversified MacDermid's product lines.

Gov. John G. Rowland's spokesman, Dean Pagan, said the state's perspective was similar to that of the federal regulators. "I know the DEP has tried hard to work with the company over the years," Pagan said. "But the law is the law, the rules are the rules."

MacDermid's latest decisions mean the loss of 10 high-paying jobs and another vacant building in the city. In November 2002, the company shut its manufacturing opera-

tions on Huntington Avenue, eliminating 40 jobs. Leever said the company would continue to employ about 175 people at its Freight Street offices.

Pagan and O'Connor noted that enforcement of environmental regulations by the Rowland administration has often been criticized as lax. The MacDermid case, O'Connor added, is proof that environmental law trumps political and economic influence. The governor grew up in Waterbury in a neighborhood overlooking the MacDermid factories.

"Yes, we're sensitive to the fact that this is a big company, but we won't sacrifice the environment or the environmental law just to make

a company happy," O'Connor said. He added that MacDermid had a long record of violations, which left his office disinclined to go easy.

At the time MacDermid's waste water issues were reaching a peak, Mayor Michael J. Jaquira was representing Waterbury in the state House of Representatives.

He said he and the rest of the delegation tried to intervene to convince state officials to seek a less confrontational and more collaborative approach to MacDermid's environmental problems.

"I did what I could to intercede with the bureaucrats in DEP, but those people are very, very aggressive in their enforcement policy," said

Jaquira said. "A single legislator or even a group of us don't have that type of influence over that agency, nor should we."

During the mid-'90s, Jaquira said, the legislature attempted to reform a "repressive" regulatory climate, particularly on insurance matters, only to see some of it undone as the composition of the legislature changed.

But when it came to environmental rules, Jaquira said there were clearly limits to what an elected official could appropriately do.

"I think there's a very thin line we have to walk between being influential for the wrong reasons and being influential for the right reasons," he said.